

Directive:

OWB 98-8

Subject:

The Aging Baby Boom: Implications for Employment and Training Programs

Purpose:

To provide SCSEP sponsors with information from the Urban Institute's final report.

To:

All Senior Community Service Employment Program (SCSEP) Sponsors

From:

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Anna W. Goddard Director Office of National Programs

Date:

February 27, 1998

Expiration Date:

None

Text:

Background: The Urban Institute was commissioned by former Assistant Secretary Barnicle to determine the policy implications for the workforce development community of the aging "Baby Boom" generation. Copies of the draft report and its Executive Summary have been widely circulated, and presentations on its content were made at each of the multi-regional conferences held late in 1997. Because of the relevance of the report's findings, the Department is arranging for workshop presentations by the Urban Institute at upcoming national conferences, and will be broadly disseminating the final report, a copy of which is attached for your information.

Discussion: The huge generation of baby boomers -- now over 80 million strong -- is moving into middle age. Just as they have affected society during earlier stages of their life cycle, the aging of the baby boom generation has implications for many aspects of society and for many public

policies and programs. The recently prepared report, conducted by Stacy Poulos and Demetra Nightingale of the Urban Institute, a non-profit, independent research organization in Washington, D.C., addresses how the nation's workforce development programs will be affected by the aging of the baby boomers.

The sheer number of baby boomers means that as they age, their presence affects the characteristics of the entire population. When baby boomers began entering the workforce in the mid-1960s, they not only increased the size of the labor force, they also lowered the average age of workers. In 1980, the median age of workers was 34. Since then, baby boomers have gradually raised the average age of American workers. The median worker age in 1994 was 38 years, and by 2005, the median age will be about 41. The labor force will continue to age until about 2015, when the oldest baby boomers will begin to retire. By 2005, there will be about 55 million mature workers aged 45 or older, representing nearly 40 percent of the workforce.

Low-Income Baby Boomers: In general, baby boomers have done better than any previous generation in terms of income and education. Some, however, especially younger baby boomers and those with relatively less education, are less well off. Most baby boomers were in their prime working years when the nation's economy shifted from one based on manufacturing to today's technology and service-based economy.

The 9 million baby boomers who have not graduated from high school have had real inflation-adjusted incomes that are, on average, 12 percent lower than those for similarly educated persons in their parents generation. As these lower-income baby boomers age, the nation will see an increase in the number of poor aging adults. In 1995, there were about 8 million persons over 45 who were below poverty; by 2005, there will be about 10 million. The numbers and proportions of the aging poor -- "economically disadvantaged" as defined by the Job Training Partnership Act (JTPA) -- will increase dramatically.

JTPA-Eligible Population:

1995:	Age 34 and Under	40%
	Age 35 - 44	21%
	Age 45 and Over	40%
2005:	Age 34 and under	34%*
	Age 35 - 44	20%
	Age 45 and Over	47%

* Corrected -- typographical errors in the report result in incorrect narrative and display on pages ii and 33.

Employment and Training Implications: Today, over 200,000 low-income mature workers over the age of 45 participate in one or more of the employment, training and retraining programs administered by the U.S. Department of Labor. About half of these workers are over age 65 and served by one of the two programs specifically for persons age 55 and over -- SCSEP, and the Section 204(d) older worker set-aside under Title II of JTPA. Poulos and Nightingale's analysis in The Aging Baby Boom: Implications for Employment and Training Programs explains that the increasing number of low-income mature workers means that the demands on all public employment and training programs will be affected. First, the population eligible for the general job training programs under JTPA will change. In 1995, about 11 percent of the participants in the regular JTPA programs were age 45 or older. If participation rates and the total scale of program funding remain unchanged, by 2005 about 20 percent of JTPA participants will be 45 or older. Second, current funding levels limit the number of persons who can be served by Department of Labor programs. Only about 3 percent of the disadvantaged workers age 45 and older are served today. As this population cohort is expected to increase by about 2 million by 2005, at current funding levels, the Department will only be able to serve an even smaller portion of those eligible.

Exhibit III.6, found on page 37 of the report, displays older worker participation in major employment and training programs in Program Year 1995. Among other things, it shows that only relatively small numbers of mature workers were served in Title II-A of JTPA. As the Executive Summary makes clear:

-- Only about 18,000 persons 45 and older were in Title IIA adult programs, which was about 11 percent of all Title IIA participants. Only about 2 percent of all IIA participants were 55 years of age or older. The overwhelming majority of mature workers in JTPA were under 55 . . . Given that older persons represent about 45 percent of the eligible population, this means that older workers in general (45 and older) have been substantially under represented in JTPA IIA adult programs . . .

With the present low participation of older workers in

employment and training programs, and the fact that demographic projections show that this population is becoming a much larger component of both the overall workforce and the low-income eligible population, there is a clear need for workforce development practitioners to examine recruitment practices and service delivery designs to ensure that these are appropriate to the present and future populations that our programs are intended to serve.

Future Directions: The demand for employment and training services by older workers will increase as the baby boom generation ages over the next 20 years. Current workforce development programs should begin now to prepare for the aging of their participants. The number of persons 45 and older in JTPA Title II-A could nearly double between 1995 and 2005, according to the Urban Institute projections.

More persons will become eligible for special older worker employment and training programs as the baby boomers continue to age. Current funding levels for SCSEP permit service to only about 1 percent of the eligible population. A much smaller proportion would be served in future years if funding levels remain constant. Between 1995 and 2005, there will be 1.4 million more disadvantaged persons between the ages of 55 and 70, as well as an additional 1.3 million economically disadvantaged adults between the ages of 45 to 54.

The report calls on policy makers to consider innovative ways to maximize the contributions and productive activity of the highly educated baby boom generation, e.g., encouraging more flexible combinations of work and retirement, promoting more voluntarism and community service, et.al. It may also be necessary to devise ways to increase the labor force participation rates of older workers in order to lessen the likelihood of labor shortages as baby boomers approach and pass traditional retirement ages.

Actions Required: The Urban Institute's researchers have presented information of significant importance to the employment and training community. These insights should assist with your responses to the nation's changing work environment. In addition to the need for you to analyze the entire report to determine its impact on your programs, we encourage you to begin preliminary long range planning, program modifications and budgetary realignments in response to the factors highlighted in the report, particularly as they relate to the employment and training of people aged 55 and better. Further, your local projects should schedule

activities to (1) promote the education of other workforce development practitioners and employers on the impact of this demographic wave on the labor market; (2) invite employer support for the utilization of older workers in their labor force; and (3) strive to change the stereotypical perceptions of older workers toward the more realistic view that they can be cost effective and valuable resources to the workplace, the community and society.

Inquiries:

Questions should be directed to your Federal Representative at (202) 219-5904.

Attachments:

The Aging Baby Boom: Implications for Employment and Training Programs

For a copy of attachment(s), please contact Hattie Green of the Office of Regional Management at (202) 219-8502.

Source:

Washington, DC: U.S. Department of Labor, Employment and Training Administration

Rescissions:

None